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Commission on Care Leadership Workgroup

Findings and Draft Recommendations
March 22, 2016

Building a Leadership System: Leadership Workgroup Topics

Five Topics

- 1. Organizational Health and Cultural Transformation**
- 2. Recruitment, Retention, Development and Advancement**
- 3. Organizational Structure and Function**
- 4. Performance Metrics and Management**
- 5. Human Capital Management**

Findings: Organizational Health and Cultural Transformation

Positive: VHA staff highly dedicated to mission

Negative:

- Lack of trust internally / risk averse
- Bureaucratic
- Politically driven decision processes
- No system focus in decision making
- No connection to leadership
- No reinforcement for positive action
- No alignment with healthy organization metrics

Findings: Organizational Health and Cultural Transformation

Although VHA Supports a Number of Initiatives

- Not mandatory for field or VHACO
- Not coordinated with one another
- Duplicative
- Not adequately resourced
- No comprehensive or required leadership training
- Scattershot metrics
- Leaders not held accountable for results

Recommendations: Organizational Health and Cultural Transformation

Leaders at all levels of the organization must champion a focused, clear, benchmarked strategy to transform VHA culture and sustain staff engagement.

- VHA must create an integrated and sustainable cultural transformation by aligning programs and activities around a single, benchmarked concept.
 - VHA must establish a cross-functional senior executive team reporting directly to the USH with long term responsibility for creating, executing, and tracking the cultural transformation.
 - VHA must align leaders at all levels of the organization in support of the cultural transformation strategy and hold them accountable for this change.
 - VHA must align front line staff in support of the cultural transformation strategy.
 - VHA must require standards and a strategy for execution of the cultural transformation from every program office and facility and these efforts must be fully funded.
 - VHA must develop consolidated, meaningful metrics for organizational health and staff engagements with input from experts and field users.
- **X-Cutting:** VHA must establish a transformation office which tracks progress of this transformation and reports on it to the USH and VHA new governance board.

Findings: Recruitment, Retention, Development and Advancement

- VHA efforts in recruitment, retention, development and advancement are not adequate to meet the need
- VHA lacks a comprehensive leadership development approach
 - Multiple competency models / not benchmarked
 - Not connected to career path
 - Not coordinated with training
- No robust pipeline
 - Not diverse
 - Not enriched in veterans
 - No external experience

Conclusion: Approach to Competency Model

Require VHA to use one benchmarked, health care based leadership competency model that meets the following criteria:

- Embrace leading through ethics and values, leadership character, and creating a strong organizational culture
- Health care based and describes the knowledge, skills, ability, and character attributes that health care leaders must master to be effective
- Robust competency model including aligned training and tools to permit quick implementation
- Describes career tracks and the mastery requirements for key positions
- Could add to the model knowledge of military occupational health and combat exposure related information

Alternative Competency Models Considered

- **HPDM (VHA current model)**
- **Office of Personnel Management (OPM)**
- **DoD Military Treatment Facility
Commander's Model**
- **American College of Healthcare Executives**
- **National Center for Healthcare Leadership**
- **Servant Leadership**

Recommendations: Recruitment, Retention, Development and Advancement

Rebuild a system for leadership succession based on a benchmarked health care competency model that is required to be applied for recruitment, development and advancement within the leadership pipeline.

- Require VHA executives to make the leadership system a top priority for funding, strategic planning, and investment of their own time and attention.
- Require VHA to adopt and implement a comprehensive system for leadership development and management, with attention to diversity
- Require VHA to fund and implement leadership assessments, training, coaching, and developmental opportunities based on the new leadership competency model.
- Require VHA to aggressively manage leadership recruitment, retention, development and advancement using the new leadership competency model: All hires and promotions are required to demonstrate these competencies.
- Require a formal on-boarding process for leaders at all levels that re-enforces the leadership competency model.
- Require VHA to take immediate steps to stabilize the continuity of leadership.

Findings: Organizational Structure and Function

- VHACO has grown rapidly, fails to integrate functions and policy, and does not prioritize
- VHACO controls too many of the resources that VA medical centers need to lead effectively
- VHACO top down management is not strategic or effective

Recommendations: Organizational Structure and Function

Transform organizational structures and management processes to promote decision making at the lowest level of the organization, eliminate waste and redundancy, and promote innovation and the spread of best practices.

- The USH must redesign VHACO to create high performing support functions that serve VISNs and facilities in their delivery of patient driven care.
 - Eliminate duplication within VHA and consolidate program offices to create a flat structure
 - Eliminate the duplication of functions between VHA and VA by closing VHA offices
 - Create innovative organizational structures to support clinical delivery that are aligned to patient's needs rather than professional silos.
 - Undertake a reduction-in-force (RIF) in VHACO that promotes delayering and efficiency in communication and decision making
- The USH must clarify and specifically define the roles and responsibilities of the VISNs, facilities, and re-organized VHA program offices in relation to one another, pushing decision making down to the lowest executive level and ensuring policies, budget, and tools support this change.

Considerations

- **Simple concept: “push decision making to the lowest level”**
- **Complex implementation: “HR, contracting, facilities, IT; reciprocal obligation to track and report expenditures in detail”**

Performance Measurement vs Performance Management

Performance Measurement: Track operations, organizational performance, progress in achieving organizational goals and action plans.

Performance Management: Managing, developing, and assessing *people* and how well they are developing in their position and contributing to the organizational success

Findings: Performance Metrics and Management

- **Current performance measurement system overwhelms leaders; unable to focus on what is important**
 - >500 measures
 - Performance measurement workgroup (new) is working to resolve
- **Performance management not aligned with mission, poorly implemented, not rewarded**
 - Performance management is confounded with performance measurement
 - Little focus on leadership skills
 - No clear focus on key safety and quality of care issues
 - No meaningful distinction between executives in their performance
 - **Confusing presentation of priorities**

Recommendations: Performance Metrics and Management

Establish a performance management system for health care leaders in VHA that is distinct from performance measurement, is based on the leadership competency model, and assesses leadership ability and the achievement of important organizational strategies.

- **Enabling Requirements: Performance Measurement**

- VHA must continue to streamline organizational performance metrics, emphasize strategic alignment, meaningful impact, and the use of benchmarked metrics that facilitate direct comparison to the private sector.
- The new office for organizational excellence must work with experts to re-organize their internal structure to align business with field needs and consolidate and eliminate redundant activities.

Recommendations Continued: Performance Metrics and Management

- **Enabling Requirements: Performance Management System**
 - Create a new performance management system appropriate for health care executives, tied to health care executive competencies, and benchmarked to the private sector.
 - The USH and all secondary raters must hold primary raters accountable for creating meaningful distinctions in performance among leaders.
 - Meaningful distinctions in performance are recognized with meaningful awards.

Alternatives

The leadership workgroup endorsed the VHA performance measure workgroups work to reduce measures and create benchmarked measures that matter.

- However the workgroup did not suggest specific measures or metrics or a process

Alternative: The commission could be more proscriptive in pointing to specific benchmarks or the characteristics measures should have

PRO: Would provide VHA with clearer guidance to measure progress around.

CON: Without appropriate technical review and input measures can be poorly constructed. We would need a different process to provide this level of input

Findings: Leadership Systems- Human Capital Management

- **Governance of HR is fragmented and confusing**
- **HR staff don't provide timely assistance in discipline, hiring or succession planning**
- **Recruitment is too long and too cumbersome**
- **Candidates are not treated with respect (lack of timely follow up; lengthy on-boarding)**
- **Discipline process too lengthy**
- **Salaries not competitive to private sector**
- **Title 5 doesn't meet health care needs**

Recommendations : Human Capital Management

Recommendation: Convert all of VHA to a health care specific excepted personnel system that promotes agile, market based management of personnel and the free flow of leaders and staff between government and the private sector.

- **VA must recommend and Congress should consider authorizing all positions in VHA under Title 38 rather than Title 5 or hybrid Title 38 authorities.**

Alternative Considerations

Title 5 or Title 38 Excepted Service?

CON:

- **Market pay would drive up costs**
- **VHA may lose in competition to private sector if staff can more easily leave**
- **May impede flow from other federal departments into VHA or from VBA and NCA**

Alternative Considerations Title 5 or Title 38 Excepted Service?

PRO: A uniform authority (Title 38) within all of VHA for human capital management would

- **Meet staffing demands of health care**
- **Promote flow of staff and leaders into VHA and out to private sector**
- **Allow market based compensation and pay setting latitude**
- **Allow staff to advance in pay without leaving position (Pay Bands)**
- **Allow flexibility in how staff are hired (direct hiring, CV only, no DEU); apply competency model standards; different disciplinary procedures**
- **Simplify knowledge and management of personnel for managers**
- **Simplify the job of HR professionals**
- **Create fairness between staff – sick leave, vacation pay, pay equity, compensatory time off would equitable.**
- **Permit flow of staff between VHACO and the field**
- **Preserve veteran preferences; and Merit System Protection Board; whistleblower protections (in new regulations)**

Recommendations Continued: Human Capital Management

Require top executives to lead the transformation of HR, commit funds, and assign expert resources to ensure front line leaders can effectively recruit, retain and discipline staff to achieve a high performing healthcare system.

- VA and VHA leaders must make transformation of Human Capital management a priority with adequate attention, funding and continuity of vision.
- VA must re-align HR functions and processes to be consistent with best practice standards of high performing health care systems.
 - That VA employ HR and change management experts to undertake a review of its business processes, management structures, funding, and technology and the legal authority needed in HR to create a transformation agenda and human capital management plan.
 - Require budget allocations from VHA to fully support the change plan and ongoing HR operations.
 - HRA and OIT create an HR information technology plan to support modernization of the HR processes and to provide meaningful data for tracking, quality improvement and accountability.
- That VA develop and implement an effective progressive discipline process for all staffing authorities.

Parting Thoughts

- **Fixing the leadership system in VHA is an urgent priority**
- **VHA can't transform without strong leadership**
- **The reforms we outline are a necessary pre-condition to change**
- **Re-imagine leadership in VHA**
- **Create a new mind for VHA leadership**